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Item 6 of the provisional agenda**

LC/NA[illegible]

REPORT ON INTER-STATE CO-OPERATION WITH RESPECT TO THE PRODUCTION AND DISTRIBUTION OF AGRICULTURAL INPUTS

Executive Summary

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1. The economic and social development plans of most African countries emphasize the need to give priority to the agricultural sector so as to achieve food self-sufficiency. However, the low utilization of agricultural inputs is undoubtedly one of the main obstacles to improving agricultural productivity in Africa. Yet, there seems to be no viable alternative to the use of more and more agricultural inputs if African Governments are to achieve the objective of food self-sufficiency as spelt out in Africa's Priority Programme for Economic Recovery and the United Nations Programme of Action for African Economic Recovery and Development, 1986-1990 and in FAO documents such as "African agriculture, the next 25 years" (1986) and "Agriculture: Toward 2000" (Rome 1987. Such programmes advocate, among other things, the establishment of solid structural links between agriculture and industry so as to produce and to procure agricultural equipment and tools, small-scale irrigation machinery, fertilizers and pesticides.

2. Five main conclusions can be drawn from a review of the situation with regard to the production and distribution of agricultural inputs in Africa, namely:

(a) There are sharp disparities between subregions and countries with regard to installed production capacities and the type of inputs produced. For example, three countries in North Africa had installed production capacities of nearly 2 million tons of nitrate fertilizer elements (N) in 1986 while during the same period, approximately half of that potential production was imported and consumed in the subregion. Furthermore, the potential surplus production could not only meet the requirements of other North African countries but could also cover the total consumption of other African subregions, which with a few exceptions, do not have manufacturing facilities for nitrate fertilizers and usually import them from abroad;

(b) Industrial facilities usually operate below capacity (around 20 per cent) resulting in very high production costs;

(c) African countries depend heavily on imported inputs because of inadequate local production, the huge gap between supply and demand and the low level of intra-African trade;

(d) There are hardly any facilities for manufacturing some inputs such as tractors, pesticides and potash fertilizers. For the time being, all potash-based fertilizers used in Africa are imported; moreover, not only is the capacity for producing tractors and pesticides low but it is also limited to the last stage of production (assembly of knocked-down parts of tractors and formulation of active ingredients for pesticides);

(e) Finally, there are virtually no technical exchanges between the various production units. In addition to the above facts typical of the present state of input production and distribution in Africa, the following are further impediments to inter-State co-operation today: most African currencies are not convertible; infrastructure and means of transport are in an appalling condition; there are tariff and non-tariff barriers to inter-State trade; there are no adequate incentives such as pricing systems, credit and extension services to encourage the use of inputs.

3. While it is true that there are disparities between African countries and that there are almost no production facilities for some inputs or technical exchanges between industrial units, there is potential for inter-State co-operation in the production and distribution of inputs. The main purpose of the present study is to identify possible areas of inter-State co-operation both at the subregional and regional levels in view of the existing potential for increased trade in inputs between African countries within a view to making present and future production facilities more profitable and to improving supply and distribution systems.

For that purpose the following criteria have been identified:

(a) Existence of operational facilities or ongoing projects;

(b) Availability in the area and near to the production plant of raw materials that could be exploited;

(c) Availability of technical and managerial expertise;

(d) Ongoing action within some subregional, regional and international oranizations to promote co-operation between member States in the production and distribution of agricultural inputs.

In view of the foregoing, the last chapter of the report which is on conclusions and proposals, covers five main areas, i.e., fertilizers, seeds, pesticides, agricultural machinery and animal production inputs, with the corresponding production plants or distribution agencies both at the subregional and regional levels. Recommendations are also made with regard to (i) existing channels which should be strengthened by actively involving the States concerned; (i) proposed channels on which in-depth studies should be made taking due account of competition from heavily subsidized imported inputs and transport difficulties. Such detailed studies should lead to tangible and viable programmes and projects and should be carried out in the framework of the relevant subregional organizations and institutions; assistance should be provided by United Nations organizations such as ECA, FAO, UNIDO and other specialized institutions; (iii) a series of accompanying measures are proposed to surmount the obstacles to inter-State co-operation with respect to input production and distribution at the national, subregional and regional levels.